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TO: Marcia Mitnacht, Director Special Education Planning & Policy Development
Department of Education

FROM: Therese Murphy-Miller, Project Manager
Department of Mental Retardation

DATE: August 24, 2005

RE: DOE/DMR Interagency Agreement
Community Residential/Education Project
FY05 End of Year Report

As referenced in the Department of Education's (DOE) and Department of Mental Retardation's (DMR) Interagency Agreement, the following report provides a summary of the DOE/DMR Community Residential Education Project, including enrollment numbers, expenditures, savings generated by the Project and potential policy implications related to this FY05 data. Historical data information is also provided to allow for a broader review and analysis of the DOE/DMR Project activities since the formal operations of this program starting in FY 1997.

The goal of the Community Residential/Education Project (the "Project") is to facilitate effective transitions from school life to more independent life within the community for students receiving publicly funded special education services who also meet the DMR eligibility criteria for services. This goal can be accomplished by supporting less restrictive, more cost-effective residential options, special education services and community based supports.

FY05 PROJECT DATA ACTIVITY

In FY05 the total project allocation remained at \$7.5 million for the fourth consecutive year. Following, is the breakdown of the Project participant activity for FY 05. Each of these activity totals is independent of the other activities listed.

Number of new students prevented from a initial special education school placement	41
Number of new students who returned from residential special education school placement	2
Number of students who turned 22 (aged out of project) 12- Prevention, 1- Res. Return	13
Number of students who terminated from the Project to enter a residential school placement	14
Number of students who terminated from Project for other reasons (2-moved, 2- deceased, 1- moved to a pediatric nursing facility, 1- left school early, 1- DSS custody	7
Number of pending applicants who withdrew for residential school placement	6
Number of pending applications carried over from FY04	73
Number of applications submitted during FY05	106
Number of applications pending as of June 30, 2005	128
Number of school districts with DOE/DMR participants	144

FY05 DOE/DMR TOTAL PARTICIPANT DATA SUMMARY

During Fiscal year 05 there have been a total of 320 students participating in the Project. Of that number, 20 have returned home from residential education placements, the remaining 300 have utilized the Project to obtain a diverse array of supports as an alternative to an initial residential special education school placement.

The following tables represent the total summary of all Project participants in FY05. This data is inclusive of all participants served in FY05.

FY05 totals

Number of students in Project	320
Number of participants prevented from initial residential special education school placement	298
Number of participants who returned from residential special education school placement	22

Participants who entered the Project as an alternative to initial residential school placement

Number of students under age 12	100
Number of students between 12 and 16	84
Number of students over the age 16	114

Participants who returned home from a residential school placement

Number of students under the age of 12	3
Number of students between 12 and 16	3
Number of students over the age 16	16

Average support cost (based on total FY05 participants with an annual allocation)

Average cost per student who received supports as an alternative to initial residential school placement (n= 233)	\$26,974
Average cost per student who returned home from a residential school placement based on actual support cost (n=17)	\$35,254
Average DOE 05 residential cost per student (per DOE Fiscal Unit)	\$49,705

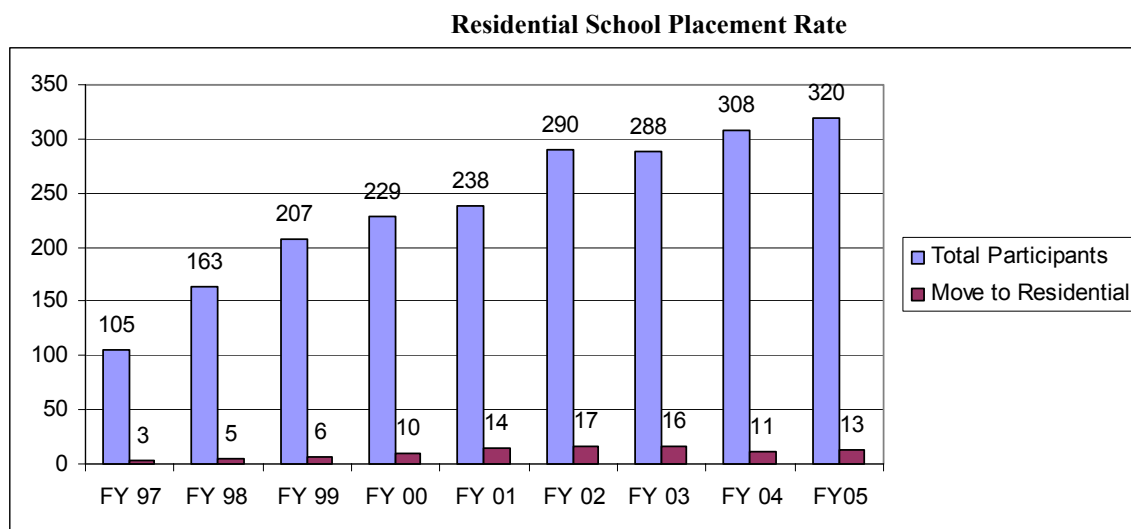
TYPES OF COMMUNITY BASED SUPPORTS UTILIZED

As indicated in previous years, the supports and services purchased to maintain community-based alternatives to residential placements meet a wide range of needs. The following represents a sampling of supports and services provided in FY05:

- Behavioral training and consultation
- Paid support staff (case manager, respite, skills trainer, home aide, etc)
- Environmental modifications (Home, Vehicle, etc.)
- Specialized equipment purchases (therapeutic/recreational apparatus, etc)
- Professional consultation to coordinate school/home consistency
- Other types of professional consultation (communication, sensory, etc)
- Educational purchases for in-home use (computer/software, teaching materials, consultation, etc.)
- Cash stipends to family for purchase of goods and services
- Emergency/crisis support
- Recreational fees/memberships
- Skilled 1:1 teaching
- ABA training
- Participation in inclusive recreational activities
- Specialized therapeutic activities (hippo therapy, hydrotherapy music therapy, etc.)

In FY05, the Project allocation along with the attrition of some project participants, allowed 43 new participants to enter the Project. While the Project is able to successfully maintain the majority of the total student participants, 14 students who received prevention supports chose to move to a residential placement. Of these 14 individuals, the average age is 16 years and the length of time receiving Project support averaged 5 years. There continues to be a yearly increase of Project participants who are identified by DMR and their local school district as being at risk for residential school placements due to their intense support needs across all settings of their home, school and community. The Project placement rate to residential schools is 4% of total FY 05 participants.

This graph shows the yearly withdrawal rate of project participants who leave the Project for a residential special education placement. As you will note, the residential school placement rate for the Project remains consistently low.



The yearly placement rate to a residential school ranges from 3% to 6% of the total participants in that fiscal year. To date this amounts to a total residential school Placement Rate average of 4% for the Project. As previously noted, Project participants require an intensive level of supports across all settings. It is anticipated that for some children and their families, for differing reasons, a residential school placement becomes necessary.

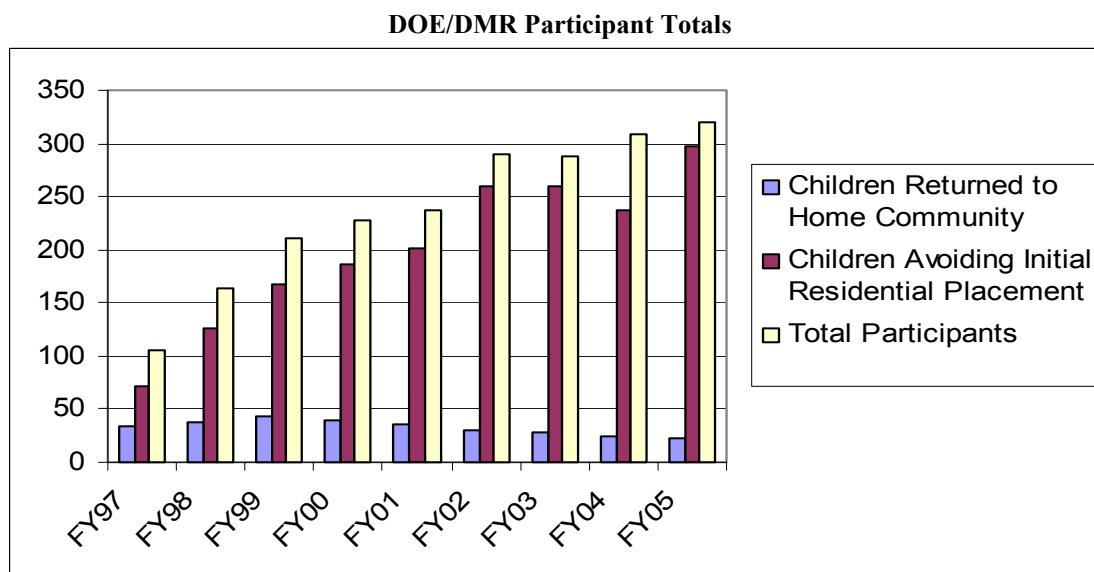
Following is a listing of reasons why families in fiscal year 05 chose to leave the Project for a residential school placement despite intensive in-home and community supports.

- School setting no longer meeting educational needs as well as increasing size and demands for total care, proved to be too great for school and family.
- Continual refusal to attend school despite staff assistance. Increased aggressions resulting in hospitalization. Team recommendation for out of home placement.
- Intensive increase in aggressive behaviors putting self and family members at risk for safety (3).
- After several years of Project participation, individual began to show regression both in school and at home.
- Increased behavioral out bursts and refusal to attend school despite several program changes by school district
- Parent health issues and the increased size and strength of child resulted in family unable to meet child's care needs.
- Lack of educational progress and need for intensive independent skills training and educational development
- Increased intensity and frequency of maladaptive behaviors as well as growth spurt and body strength placed family members at risk for his and their safety.

At the conclusion of FY05, 306 students remained successfully supported in their home and community or transitioned into adult support services. Based on the FY 05 participant total of 320 students, the retention rate for the Project in FY05 is 96%.

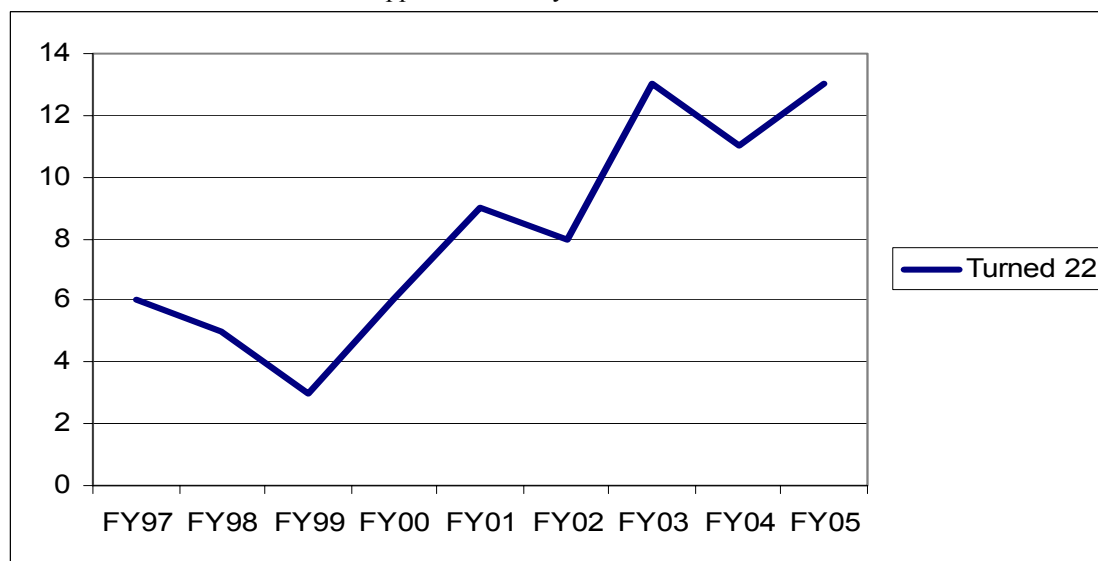
CUMMULATIVE DATA INFORMATION

The annual Project data tracks a variety of data information re fiscal year activities and outcomes such as participant totals, Turning 22, fiscal and application rates. This array of data information is helpful in showing the broader picture of the Project's continued success.



As the above graph shows, the request for prevention of a residential school placement is much higher than that of those students who return home from a residential school placement. In each fiscal year, there are a few new participants who return home from a residential school and receive Project supports. However the participant rate for this group remains low. It should also be noted, that many of the earlier residential return participants have since turned 22 and aged out of the Project. Another indication of this graph shows that the high demand for preventative supports is indicative of families desire to be able to support their child in their home and community by accessing an individualized plan of supports and resources rather than seek a residential educational school placement.

The following Turning 22 rate for Project participants is illustrated to show the yearly number of participants who Turn 22 and have moved into the adult support services system.



Given the age span for DOE/DMR participants (6-22), it is expected that the number of participants who turn 22 and age out of the Project will vary from fiscal year to fiscal year.

FISCAL OUTCOMES

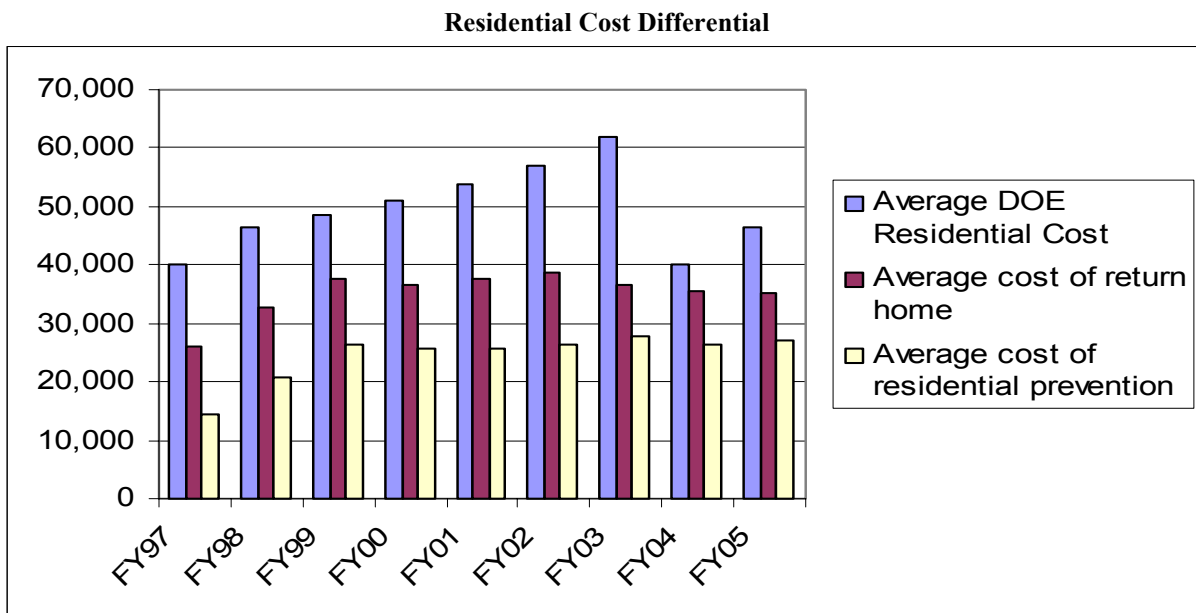
This is the second year in which DOE has implemented its new reimbursement structure to school districts for those students receiving educational services beyond the 4x foundation cost. It should be noted that while the methodology to determine the cost responsibility for DOE and school districts has changed, the costs of residential educational school placements has not.

The FY 05 educational services foundation cost is \$30,340. The DOE reimbursement to school districts is 75% of the student's special education costs beyond the foundation cost. Per DOE, the average residential cost in FY05 for students in residential placement is \$96,277 (n=1354). Based on the residential school costs beyond the \$30,340 foundation, the average DOE 75% reimbursement to the school districts is \$49,705. Given the average residential cost of \$96,277 and the average DOE reimbursement cost of \$49,705, this amounts to a 52%- 48% cost share for the school district and DOE.

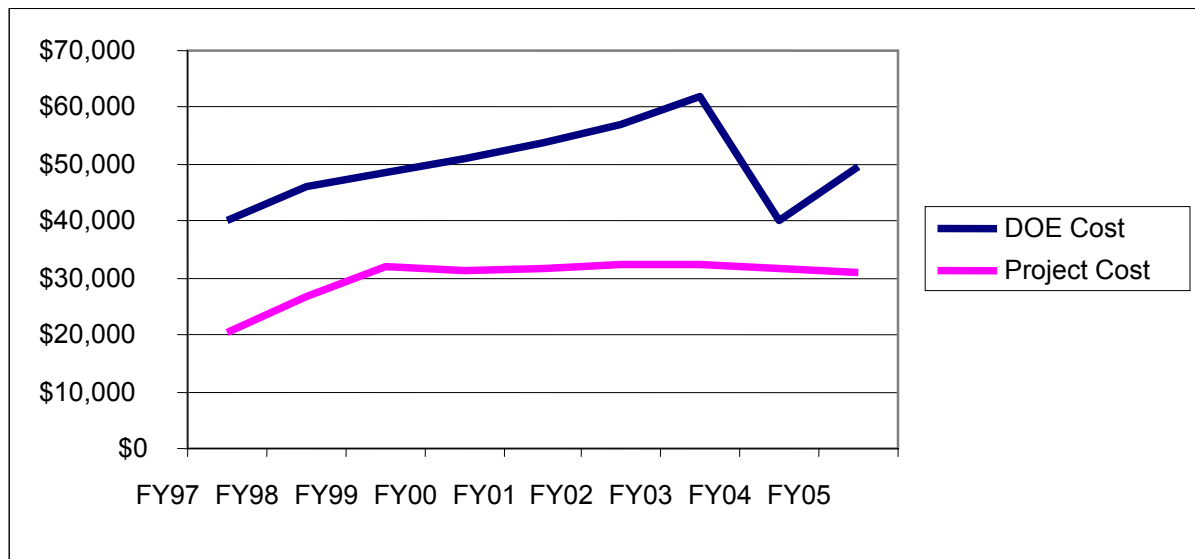
Of the DOE/DMR students in FY05 seeking flexible supports as an alternative to initial residential school placement the average per student cost for these supports is \$26,974 (based on annual allocation n= 233). The median reimbursement cost that DOE paid for a residential school placement in FY05 is \$49,705. Thus the DOE/DMR expenditures indicate an approximate 46% reduction in supporting these students in their home community versus the average cost if these individuals had chosen residential care options. For DOE this cost reduction results in approximate savings of \$5,296,323 for FY05.

For those students in FY05 requiring intensive support services when they returned home from a residential school placement and receive cost effective flexible family supports in their home communities, the average cost is \$35,254 (based on annual non educational support cost n=17). Had these students remained in their residential school placement, DOE would have paid an average of \$49,705 per student in FY05. This is a 29% reduction in cost resulting in average savings to DOE of \$245,667.

The following charts show the fiscal outcomes of the DOE/DMR Project. These successive charts clearly show the Project's cost-effectiveness, ability to moderate yearly participant costs, as well as provide savings to the State.

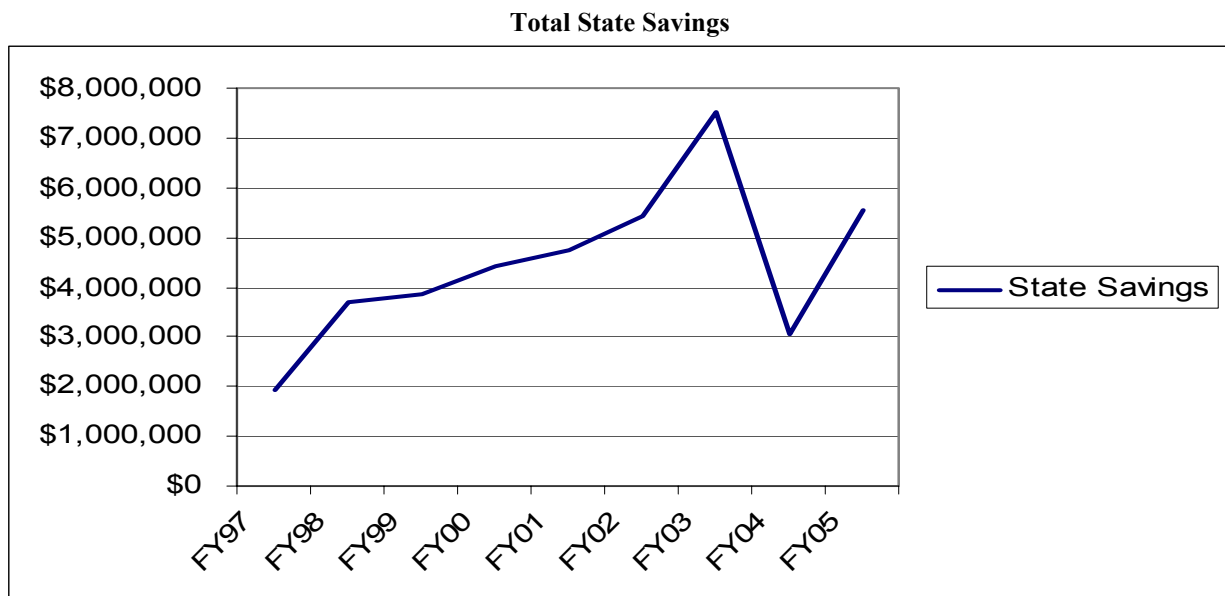


* The FY04 and 05 residential costs for DOE are reflective of the new reimbursement structure as opposed to the previous fiscal years 50-50 cost share with school districts.



*Project costs are the combined average cost of both residential return participants and residential prevention participants (\$31,114). The 04 DOE cost is an estimated reimbursement cost.

Based on the average DOE student cost and the lower, more-effective home and community support cost for Project participants there has been yearly savings to the state as reflected in this table.

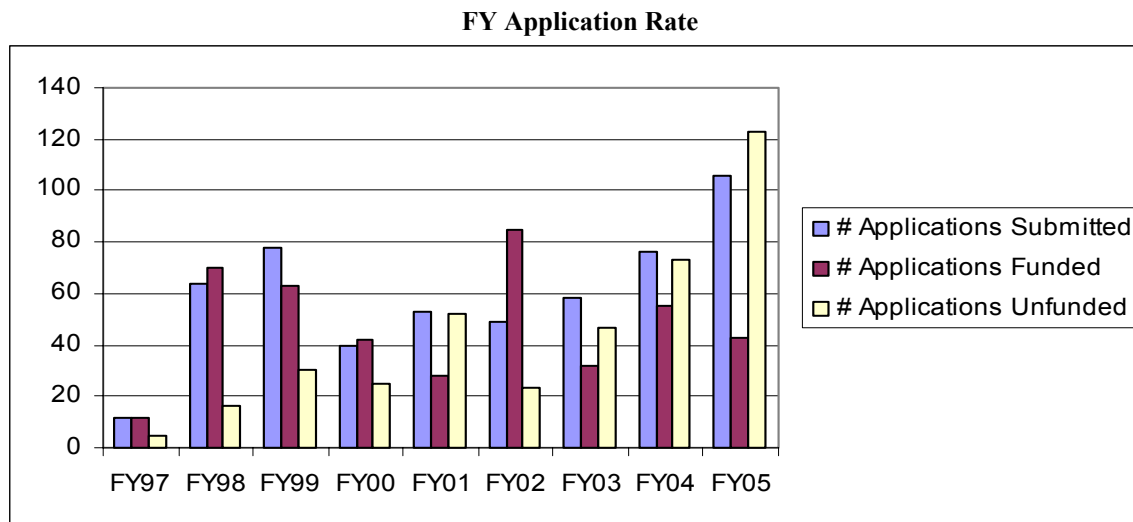


* The 04 savings rate was based on the DOE estimated reimbursement cost and thus is not an accurate reflection in comparison to other fiscal years. The combined savings of residential return home and residential school placement prevention participants in FY05 totaled \$5,541,990

PROJECT CAPACITY

The number of submitted applications for Project participation continues to exceed its available funding. In FY05, 43 new students were added to the Project. The success of the Project and the high demand for participation shows that students and their families benefit and want the opportunity to be meaningfully included in their home, community and schools. As of June 30, there are 128 preventative applications waiting for funding availability. In FY05, the average wait time for funding a preventative application is 1 year and 4 months. Without sufficient funding to fully support the application demands, the alternative for families is to seek out an out of home placement. During the course of the FY05, 6 pending applicants withdrew for a residential school placement.

The following chart shows the number of applications submitted and funded for DOE/DMR Project Participation. The application rate for FY05 shows a 28% increase from FY04.



At the start of FY05 there were 73 pending applications that rolled over from FY04. During FY05 an additional 106 applications were submitted. There were 7 waiting applicants that withdrew their application prior to funding (6- Residential, 1- moved). At the end of the FY, there are 22 unfunded applications remaining from FY04. Of the additional 106 applications received in FY05, only the residential return applications (2) were funded. There are 128 applications pending for the start of FY06.

During the course of fiscal year 05, unplanned savings that occurred from participant allocations for varying reasons such as: cost changes, change in support needs, service or resource gaps, etc., were returned to the Project to fund additional pending applications, support current Project participants in need of additional funds, provide limited interim supports to waiting applicants as well as applications that are in process of submission.

ADDITIONAL COMMENTS RELATED TO THE PROJECT AND POLICY CONSIDERATIONS

1. The consumer satisfaction and positive comments from families attest to a highly successful project and to the philosophy that forms the basis of these services in that families need to be integrally involved in choosing the services they need to successfully support their child in his or her school, home and community. Families are experts regarding their strengths, competencies, capacities, and needs of their child and are in the best position to know what will help them support the needs of their child. The impact this project has had on families has been acknowledged in routine and non-routine fashion. Some examples of family quotes are:

“Thank you DMR for allowing our family to remain together and improving the quality of our lives. We appreciate all you do for us.”

“My husband and I are extremely grateful that our child is able to benefit from this program...My husband and I am very pleased that our child is now able to safely take part in our community.”

“The DOE/DMR Project has enabled us to keep our daughter at home and provide her with services and supports we otherwise could not have managed, such as summer camp, hippotherapy and a wheelchair lift.”

“We are extremely grateful for the help provided by the DOE/DMR Project. My son requires consistency and close supervision. Our Service Coordinator has been extremely helpful with suggestions of other sources to which we can avail ourselves. She was also instrumental in nominating my son for the achievement award which was a tremendous experience for him and the entire family...”

“When my boys were 3 and 1, the 3 year old was diagnosed with autism. From that moment, I can say that our life took a new course for an entirely uncertain world in which we had very little control. A few months after our third child was born, my second child was also diagnosed with autism...The DOE/DMR saved our family from destruction....and we became for the first time, in control of the course of our life. Since that time we have struggled every day but always knowing that we had enough support to make the day pass quickly, to pass the night without sleeplessness, knowing that we could not only make it through another day, that we could make it, make a normal life for our family, our future.... Today, my oldest son, who once was described as aggressive and his inclusion detrimental to himself and others, is now described as friendly, energetic and affectionate. He can read and write and do math. He has jobs in the community and at school. The boys are increasingly independent in daily life and comfortable and successful anywhere in the community...I know these supports are cost-effective. With continued support, we hope to keep the boys successful and productive members of our community throughout their lives...”

2. As families and educators have become more familiar with the Project and its success, the demand for participation has increased significantly. As a result, the application submission rate continues to exceed well beyond the available funding resources of the Project. As noted previously, the application rate in FY05 was 28% higher than in its fiscal year. The Project supports are most effective when they are provided in a timely manner. The longer a participant waits for available funding; the Project’s ability to effectively support the child successfully in his or her home and community is minimized. In FY 05 there were 6 pending applicants who withdrew for a residential educational placement. Based on the criteria for Project participation, these applicants require an intensive level of supports across all settings and the stress level of these families is enormous. Therefore it is important that there be sufficient resources readily available in order to effectively support these applications within a reasonable time frame.
3. In order to insure that the Project is supporting as many participants as it can, DMR continues to struggle with ways to best streamline participant costs and savings without losing the integrity and flexibility of the Project. Several mechanisms to review and assess the supports offered to families, and the overall utilization and redistribution of resources are in place. While this reporting has been effective, we continue to consider additional implementation strategies that will help to capture and minimize year end savings. It is also necessary that there be allowable capacity by the DMR fiscal and Comptroller’s Office for the Project to remain operational up to the last day of the fiscal year. DMR will be working in collaboration with its contracts unit to define and implement improved cost management activities.
4. FY06 brings the Project into its thirteenth year of operation as well as the final year of the FY 05-06 Interagency Service Agreement between DOE and DMR. In 06, DMR plans to develop a workgroup to examine the structure and strength of the Project’s administration. The outcome of this group will be to identify recommendations for potential changes that will serve to strengthen and further enhance the quality of the Project. DMR will share these recommendations with DOE as part of its discussions for the FY 07 ISA.